

**CITY OF SAN ANTONIO
HOUSING AND COMMUNITY DEVELOPMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

FROM: Andrew W. Cameron, Director, Housing and Community Development

SUBJECT: Peach Creek Apartments Development Project

DATE: June 23, 2005

SUMMARY AND RECOMMENDATIONS

This ordinance authorizes the reconveyance of real property by the City to E.S. Wright Investments, Inc. (Wright Investments) pursuant to the terms of a lease agreement between the City and Wright Investments in connection with Peach Creek Apartments Development Project.

Staff recommends approval.

BACKGROUND INFORMATION

On March 10, 1995, the City of San Antonio entered into an agreement with Wright Investments for the development of the Peach Creek Apartments (a 48 unit apartment development located at 333 Hedges Street in City Council District 2). In order to obtain assistance with the development of the Peach Creek Apartments, Wright Investments conveyed real property (playground area and infrastructure) to the City for a period of ten years, beginning March 10, 1995. Real property was then leased to Wright Investments pursuant to a Lease Agreement. Wright Investments, the Developer, agreed to keep taxes current and to maintain the property throughout the term of the lease. The City, in turn, agreed to reconvey the real property to Wright Investments at the end of the lease period (March 10, 2005) if Wright Investments maintained compliance with the terms of the Lease Agreement. Wright Investments has complied with the lease and therefore, staff is seeking authorization to initiate the following actions that are consistent with the terms of the Lease Agreement:

- Reconvey to Wright Investments the real property that is the subject of the Lease Agreement between Wright Investments and the City
- Reassign and retransfer the owners' policy of title insurance to Wright Investments
- Execute any and all other documents necessary to complete this transfer

POLICY ANALYSIS

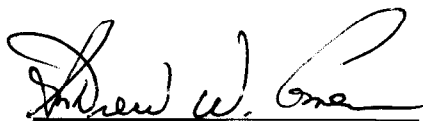
This action is consistent with the agreement between the City of San Antonio and E.S. Wright Investments, Inc. relating to the previously approved development of the Peach Creek Apartments.

FISCAL IMPACT

If approved, this item will not impact any of the City budgets because E.S. Wright Investments, Inc., shall pay for all fees associated with this action in accordance with the terms of Lease Agreement.

COORDINATION


This was coordinated with the City Attorney's Office.



Andrew W. Cameron

Director

Housing and Community Development Department


Jolynne LeBlanc Burley
Assistant City Manager

J. Rolando Bono

Interim City Manager

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COPY

LEASE AGREEMENT

PREPARED BY

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LEASE AGREEMENT

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LEASE AGREEMENT

STATE OF TEXAS

§

COUNTY OF BEXAR

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§

This LEASE AGREEMENT (hereinafter referred to as "**Lease Agreement**") is made in triplicate originals and entered into between the CITY OF SAN ANTONIO (hereinafter referred to as "**CITY**"), a Texas municipal corporation, acting by and through its Director of Housing and Community Development pursuant to Ordinance No. 81340 dated December 15, 1994, and E. S. WRIGHT INVESTMENTS, INC., A Texas Corporation (hereinafter collectively referred to as "**LESSEE**").

PREMISES

LESSEE previously owned a tract of parcel of land situated in Bexar County, Texas which is more particularly described as follows:

Lot 11, Block 24, NCB 1459, Vargas Street, Unit 2 in the City of San Antonio, Bexar County, Texas, according to map or plat thereof recorded in Volume 9523, Page 80 of the Deed and Plat Records of Bexar County, Texas, together with all of the easement, rights of way, privileges, liberties, hereditaments, strips and gores, streets, alleys, passages, ways, waters, watercourses, rights and appurtenances thereto belonging or appertaining and all of the Estate, Right, Title, Interest, Claim or Demand whatsoever of Grantor therein and in the streets and ways adjacent thereto, either in law or in equity. (The tract or parcel shall be referred to herein as the "**Leased Premises**" and being more particularly described in the Survey Plat which is attached hereto as **Exhibit "A"** and is incorporated herein and made a part hereof for all purposes.);

LESSEE has contemporaneously herewith conveyed the Leased Premises to the CITY;

The Leased Premises consists of two (2) subparcels (referred to herein as "**Subparcel A**" and "**Subparcel B**", respectively). Such subparcels are more particularly described as follows:

1. **Subparcel A:** Subparcel A consists of a 0.254 acre tract of land and a 0.275 acre tract of land out of the Leased Premises and is more particularly described by metes and bounds description in **Exhibit "B"** which is attached hereto, incorporated herein and made a part hereof for all purposes;

2. **Subparcel B:** Subparcel B is described as the Leased Premises, **SAVE AND EXCEPT** for Subparcel A.

The CITY, upon approval by City Council in ordinance form, shall construct certain improvements on Subparcel A; using a federal Community Development Block Grant ("CDBG Fund");

LESSEE shall construct a forty-eight (48) unit apartment complex on Subparcel B (the "Peach Creek Apartment Complex") for moderate income renters, utilizing funds obtained from two (2) Lenders (referred to herein as the "Outside Lenders"), to wit:

1. Texas Bank, N.A.; and
2. The San Antonio Housing Trust Foundation, Inc.

The CITY and LESSEE have agreed that:

1. LESSEE will lease the Leased Premises from the CITY for a term of ten (10) years; and
2. During the lease term, LESSEE shall have the right, option and privilege to purchase the Leased Premises for a predetermined, annually decreasing amount (the "Purchase Price"), according to the Schedule which is attached hereto as Exhibit "B" which is incorporated herein by reference;

In order to obtain financing from the Outside Lenders, LESSEE will be required to grant those Liens and/or Security Interests covering the Leasehold Interests of LESSEE in the Leased Premises and hereinafter specified in Article XIV, Paragraph 14.3(A) (referred to for simplicity as the "Mortgages") to the Outside Lenders and the CITY has consented to the granting of the Mortgages;

The CITY has agreed that the rights of LESSEE under the terms of this Lease Agreement, including the Option to Purchase the Leased Premises shall inure to the benefit of LESSEE's successors-in-interest under this Lease, including, but not by way of limitation, the Outside Lenders and to evidence the Agreements of the Parties:

NOW THEREFORE, in consideration of the Premises and for and in consideration of the sum of Ten and No\100 dollars (\$10.00) each to the other in hand paid, the receipt and sufficiency of which consideration is hereby acknowledged and confessed, the CITY and LESSEE do hereby mutually Stipulate, Covenant and Agree as follows:

I.

DEMISE AND DESCRIPTION OF PROPERTY

1.1 CITY, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by LESSEE, does hereby lease to LESSEE, and LESSEE does hereby accept and lease from CITY the Leased Premises.

II.
TERM

2.1 The term of this Lease Agreement shall commence on the date of its execution and shall end ten (10) years from the date thereof unless earlier termination shall occur pursuant to any of the provisions of this Lease Agreement.

2.2 In the event there is a dispute as to the proper commencement date and/or expiration date for the term of this Lease Agreement, the decision of CITY, through its City Manager's Office, will be final and LESSEE agrees to abide by such decision.

III.
CONTINGENCIES

3.1 The occupancy of the Leased Premises shall be contingent upon:

(A) Receipt by LESSEE (and proof of receipt being furnished to CITY) of any licenses or permits required for LESSEE's operations on the Leased Premises; and

(B) After completion of the improvements to be made by LESSEE on Subparcel B, the issuance to LESSEE of a Certificate of Occupancy for LESSEE's operations on the Leased Premises, if applicable.

IV.
RENT

4.1 As rental for the use and occupancy of the Leased Premises, LESSEE has contemporaneously herewith paid to the CITY the sum of One Hundred Twenty and No\100 Dollars (\$120.00), representing the prepayment of the entire amount of rentals due hereunder (\$12.00 per year for the ten [10] year term). Receipt of the prepayment of all rentals due hereunder is hereby acknowledged by the CITY.

4.2 In the event LESSEE shall exercise the Option to Purchase the Leased Premises as provided in Section 28.4 below, any unearned portion of the rentals which have been prepaid by LESSEE, shall be credited against and shall reduce the Purchase Price of the Leased Premises.

V.
HOLDING OVER

5.1 It is agreed and understood that any holding over of the Leased Premises, or any part thereof, after termination of this Lease Agreement, shall not renew and extend same but shall operate and be construed as a month-to-month tenancy by LESSEE and

LESSEE agrees to pay to CITY as rent for the Leased Premises double the amount stipulated for the last month of this Lease Agreement unless otherwise agreed to in writing by CITY; in no event, however, except as otherwise agreed to in writing by CITY, shall LESSEE's month-to-month tenancy be construed as consent by CITY of the holding over by LESSEE. Additionally, LESSEE shall be liable to CITY for all loss and damage on account of any such holding over after the termination of this Lease Agreement, whether such loss or damage may be contemplated at this time or not.

VI. COVENANTS AND PROMISES

6.1 LESSEE hereby covenants and promises, at its sole cost and expense, to provide:

(A) The maintenance of all improvements to be constructed by the CITY, (the "City Improvements") which City Improvements shall, upon approval by City Council in ordinance form, include but are not limited to curbing, sidewalks, a recreation court, an asphalt drive and striping, parking, security lighting, a wrought iron perimeter fence, landscaping, a sprinkler system and electrical and water utility connections and the improvements to be constructed by the LESSEE on Subparcel B; and

(B) Affordable, safe, decent and sanitary housing for moderate income families (as "moderate income" is defined by the U.S. Department of Housing and Urban Development [HUD], §8, Existing Income Guidelines) at the Peach Creek Apartments, a forty-eight (48) unit rental complex to be located on Subparcel B.

6.2 LESSEE covenants and promises to submit to CITY, on or before sixty (60) days after the end of each fiscal year, but in no event later than the thirtieth (30th) day of November of each year, complete and accurate documentation of compliance with all fiscal requirements of this Lease Agreement. LESSEE shall also, within said time and at LESSEE's sole cost and expense, submit to CITY annual audited financial records for all programs and services operated and/or managed on, from or related to the Leased Premises.

6.3 Upon five (5) days written notice to LESSEE, CITY shall have the authority to audit and/or monitor any and all of LESSEE's financial records regarding the programs and services operated and/or managed by LESSEE on or from the Leased Premises. Should CITY dispute any record of LESSEE, LESSEE shall be notified by CITY of such in writing within thirty (30) days after completion of CITY's audit and/or monitoring of said records. CITY and LESSEE shall then make every reasonable attempt to resolve said dispute and, should no resolution be reached, CITY's audit figures shall control.

VII.
IMPROVEMENTS TO LEASED PREMISES

7.1 Contemporaneously herewith, LESSEE has obtained a Building Permit to construct the Peach Creek Apartment Complex on Subparcel B (such improvements shall sometimes be referred to herein as the "LESSEE's Finish-Out Work". Moreover, the CITY has developed plans for construction of the CITY Improvements on Subparcel A which shall be done by the CITY, and shall hereinafter for convenience be referred to as "CITY's Finish-Out Work".¹

(A) The improvements to the Leased Premises represented by LESSEE's Finish-Out Work and CITY's Finish-Out Work are deemed approved by the CITY;

(B) LESSEE agrees to commence the construction of LESSEE's Finish-Out Work within thirty (30) days after the execution of this Lease Agreement. CITY agrees to commence CITY's Finish-Out Work within seventy-five (75) days after the execution of this Lease Agreement, subject to approval by City Council and unless a delay is occasioned by circumstances beyond the control of the CITY;

(C) In the event any changes are desired by LESSEE in the LESSEE's Finish-Out Work or in the CITY's Finish-Out Work, or in the event LESSEE shall desire to construct additional improvements to the Leased Premises during the Lease Term, then LESSEE shall first satisfy the provisions of Section 7.2 and 7.3 below with respect to such changes or additional improvements (which shall be referred to herein for convenience as "Future LESSEE Finish-Out Work") before commencing such Future LESSEE Finish-Out Work.

7.2 LESSEE agrees to submit to CITY, plans and specifications with respect to the Future LESSEE Finish-Out Work (hereinafter collectively referred to as "Plans"), in such detail as CITY may require. The Plans, when approved, shall be signed by CITY and LESSEE and shall be made a part of this Lease Agreement.

7.3 CITY agrees to examine and approve or disapprove the Plans within forty-five (45) business days after receipt and to notify LESSEE in writing when the same have been approved or disapproved and in the event of approval, LESSEE agrees to commence LESSEE's Future Finish-Out Work promptly thereafter.

7.4 INTENTIONALLY OMITTED

¹The CITY's Finish-Out Work may include improvements to Subparcel B, if the plans formulated by the CITY so require.

VIII.

USE

8.1 Except as set forth in Paragraph 8.2 below, the Leased Premises shall be used solely for the purpose of operating the Peach Creek Apartment Complex, a forty-eight (48) unit rental complex to be located on the Leased Premises, together with providing ancillary services thereto for moderate income families (as "moderate income" is defined by HUD §8, Existing Income Guidelines) residing at the Peach Creek Apartment Complex, further described in Paragraph 6.1 hereof. To this end, LESSEE shall restrict use of the Leased Premises to such purpose, and shall not use, or permit the use of, the Leased Premises, or any part thereof, for any other purpose without first procuring the written consent of CITY,

8.2 LESSEE shall not commit, or allow the commission of, any waste on the Leased Premises, or any part thereof, nor shall LESSEE use, or permit the use of, the Leased Premises, or any part thereof, for any purpose in violation of any valid and applicable law, regulation, or ordinance of the United States, the State of Texas, or the City of San Antonio.

IX.

ACCEPTANCE AND CONDITION OF PREMISES

9.1 LESSEE has had full opportunity to examine the Leased Premises, in its present "AS IS, WHERE IS" and "WITH FAULTS, IF ANY," condition and acknowledges, after reasonable inspection thereof, that there is in, on and about the Leased Premises nothing dangerous to life, limb or health. LESSEE thus hereby waives any claim for damages that may arise from defects of that character after occupancy and/or use.

9.2 LESSEE's execution of this Lease Agreement shall be conclusive evidence of LESSEE's acceptance thereof in an "AS IS, WHERE IS" and "WITH FAULTS, IF ANY" condition and LESSEE hereby accepts the Leased Premises in their present "AS IS, WHERE IS" and "WITH FAULTS, IF ANY," condition from CITY as suitable for LESSEE's intended purposes and use as stated herein. CITY, however, disclaims any warranties, express or implied, as to the suitability of the Leased Premises for the purpose for which leased or for any other purpose.

9.3 LESSEE agrees that, except for CDBG-funded representations and/or promises agreed to be performed by CITY prior to execution of this Lease Agreement, no further representations respecting the condition of the Leased Premises or further promises to decorate, alter, repair, or improve the Leased Premises, either before or after the execution hereof, have been made by CITY or its agents, representatives, or employees to LESSEE unless same are contained herein or made a part hereof by specific reference.

X.
ACCESS

10.1 LESSEE shall permit CITY, its agents, employees or servants, or any person authorized by CITY, to enter the Leased Premises for the purpose of inspection and determination of whether LESSEE is in compliance with the terms of this Lease Agreement, or for the purpose of making any improvements to the Leased Premises, or for the purpose of allowing CITY access to any adjoining land or utilities required to be maintained by CITY, or for the purpose of making such repairs, additions, alterations or improvements thereto, or to the building of which they are a part, as CITY may elect or be required to make, or for any other purpose as provided herein including, but not limited to, the purpose set forth in Article VIII above. LESSEE, however, shall not be entitled to an abatement or reduction of rent by reason of CITY's entry nor shall said entry be deemed to be an actual or constructive eviction of LESSEE from the Leased Premises. Instead, should construction or other activity by CITY prevent LESSEE's use of the Leased Premises for the purpose outlined herein for longer than ten (10) business days, then this Lease Agreement shall be automatically extended for the same number of days LESSEE's use of the Leased Premises was denied.

XI.
SECURITY

11.1 Effective on the date of commencement of this Lease Agreement, and continuing throughout the term of this Lease Agreement and any renewal hereof, LESSEE shall be solely responsible for the security of the Leased Premises. Pursuant thereto, LESSEE may itself employ personnel or may contract with a third party for security services to the Leased Premises and CITY shall in no way be responsible for such employment or contracting, for such personnel or third parties, or for any related services, acts or omissions.

XII.
MAINTENANCE AND REPAIR

12.1 LESSEE shall pay or cause to be paid any and all charges for water, heat, gas, electricity, sewers, telephone, cable television, and all other utilities used on the Leased Premises throughout the term of this Lease Agreement and any renewal hereof, including any maintenance and connection fees.

12.2 LESSEE, at LESSEE's sole cost and expense during the term of this Lease Agreement and any renewal hereof, shall keep and maintain, or cause to be kept and maintained, the Leased Premises, including all the interior, exterior, and, without limitation, the mechanical, electrical and plumbing systems, the lamps and bulbs, the wiring and connections, the heating and air conditioning equipment, the parking and recreational facilities, the landscaping, fencing, curbing and sidewalks of the Leased

Premises in a good state of appearance and repair, reasonable wear and tear excepted, and shall paint the structures and parking striping when necessary to maintain the Leased Premises, or any part thereof, in a manner reasonably satisfactory to CITY, and to replace equipment and fixtures as necessary to fulfill the obligations of this Article.

12.3 LESSEE, at LESSEE's sole cost and expense during the term of this Lease Agreement and any renewal hereof, shall be strictly responsible for the condition of the Leased Premises and shall keep and maintain, or cause to be kept and maintained, the Leased Premises attractive in appearance and in a safe, clean, neat and sanitary condition. CITY shall have the right not only to make reasonable inspections of the Leased Premises, but also to make suggestions as to its proper maintenance and to ensure that fire, safety, health and sanitation regulations and other provisions as contained in this Lease Agreement are adhered to by LESSEE.

12.4 So as to ascertain the quality of maintenance, CITY, at CITY's option, may cause to be made inspections of the Leased Premises at all such times as deemed necessary in the opinion of CITY. Upon such inspection, CITY shall notify LESSEE in writing of all items of repair or replacement deemed reasonably necessary to maintain the Leased Premises in a presentable and operating condition. Upon receipt of said notice, LESSEE shall undertake reasonable corrective maintenance or replacement of all items listed.

12.5 If LESSEE neglects and does not maintain or repair the Leased Premises, as deemed necessary by CITY, it is agreed by both parties hereto that CITY may demand that LESSEE perform the same forthwith, and if LESSEE refuses or neglects to commence such maintenance or repairs and complete the same with reasonable dispatch, CITY at its sole option may make or cause such maintenance or repairs to be made and shall not be responsible to LESSEE for any loss or damage that may accrue to stock or business by reason thereof, and if CITY makes or causes such maintenance or repairs to be made, LESSEE agrees that it will forthwith, on demand, pay to CITY all costs thereof, and if LESSEE shall default in such payment, CITY shall have the remedies provided elsewhere herein for default of rent payment.

12.6 Unless LESSEE exercises the Option to Purchase the Leased Premises as provided in Section 28.4 hereof and except as otherwise provided in Section 28.5 hereof, LESSEE will, at the termination of this Lease Agreement, return the Leased Premises to CITY in the same condition in which they were when turned over to LESSEE, usual wear, acts of God, or unavoidable accident only excepted.

12.7 LESSEE shall pay or cause to be paid any and all charges for the sanitary gathering, handling and disposal of all trash, litter and refuse from the Leased Premises.

12.8 LESSEE shall provide and use suitable covered metal receptacles for all garbage, trash, and other refuse gathered from the Leased Premises. The facility for garbage storage shall be an enclosed structure compatible with the architecture of the main structure and shall be kept in a clean and sanitary condition so as to prevent permeation

of odor and hide from public view all garbage receptacles. Piling of boxes, cartons, barrels or other similar items, in an unsightly or unsafe manner, on or about the Leased Premises, shall be prohibited.

12.9 LESSEE's responsibility to maintain the Leased Premises in accordance with Article XII hereof is absolute and is not conditioned on any inspection by CITY of the Leased Premises or any notification, suggestion or other action on the CITY's part.

12.10 LESSEE agrees to keep and maintain the roof, foundation, mainbeams, exterior walls and fences, and all other structural portions of the improvements to the Leased Premises in good repair and CITY shall not be liable to LESSEE for any damage caused by the same being or becoming out of repair. CITY shall not be liable to LESSEE or to any third party for any damage to merchandise, trade fixtures, or personal property in the Leased Premises caused by water leakage from the roof, water lines, sprinkler, or heating and air conditioning equipment.

12.11 LESSEE shall erect no exterior signs on the Leased Premises without CITY's prior written consent, including CITY's approval in writing as to the character, design, size, copy, nature and location of such signs. Any signs erected by LESSEE shall conform to all applicable laws and municipal ordinances.

12.12 No sign shall be placed on the improvements or Leased Premises which will in any manner cause a structural damage or injury to the improvements or injury to any person on or about the Leased Premises.

12.13 INTENTIONALLY OMITTED

12.14 Subject to LESSEE's right to conduct its business, LESSEE shall not injure, overload or deface the Leased Premises or improvements, nor make any use thereof which is contrary to any law or ordinance, nor permit any act or thing to be done on the Leased Premises which may make void or voidable or increase the rates of any insurance covering the Leased Premises; nor cause or permit the emission of any excessive noise or odor from the Leased Premises by the operation of any instrument, apparatus, equipment therein, or other means which may, in CITY's judgment, be deemed offensive or disturbing in nature; nor perform any act or carry on any practice which is illegal, immoral or disreputable, or which may reduce the market value of the Leased Premises.

12.15 The outside areas of the Leased Premises, including sidewalks, shall be kept free and clear at all times by LESSEE and LESSEE shall not place nor permit any obstructions, garbage, refuse, merchandise or displays in such areas.

12.16 INTENTIONALLY OMITTED

12.17 INTENTIONALLY OMITTED

12.18 INTENTIONALLY OMITTED

12.19 INTENTIONALLY OMITTED

12.20 INTENTIONALLY OMITTED

12.21 INTENTIONALLY OMITTED

12.22 LESSEE agrees to keep the premises clear and free from rodents, bugs and vermin and, if necessary, bear the expense of general extermination.

XIII.

SUBORDINATION TO SCHEDULED EVENTS

13.1 LESSEE acknowledges and agrees that CITY will from time to time accommodate various functions or events that may require temporary street closures, controlled or limited access to the Leased Premises and/or temporary closure of access or temporary closure of the Leased Premises. LESSEE expressly recognizes that any such determination or requirement by the CITY is superior to any right, privilege or leasehold interest granted LESSEE under this Lease Agreement and LESSEE hereby agrees to cooperate fully with CITY upon notification. LESSEE further waives any and all claims for damages, including but not limited to, loss of service time, which LESSEE may suffer as a result of any such requirement by CITY. CITY will use its best efforts to assure that at least one access is open for traffic at all times.

XIV.

LIENS PROHIBITED

14.1 LESSEE covenants that it shall not bind, or attempt to bind, CITY for payment of any money in connection with LESSEE's Finish-Out Work and/or subsequent construction, repairs, alterations, additions or reconstruction or other improvement work or improvements of the Leased Premises. Subject to the provisions of Section 14.3 below, LESSEE shall not suffer or permit any liens, mechanic's lien of nonpayment or otherwise, to be filed against the fee of the Leased Premises, nor against any equipment, machinery and/or fixtures therein belonging to CITY, by reason of any work, labor, services, or materials supplied or claimed to have been supplied to LESSEE or to anyone holding the Leased Premises, or any part thereof, through or under LESSEE.

14.2 If any mechanic's lien, materialmen's lien or other lien described in Paragraph 14.1 hereof shall be recorded against the Leased Premises, or against any buildings or improvements thereof, or against CITY-owned property located therein, during the term hereof, LESSEE shall, within ten (10) days after the date of such recording, cause same to be removed, canceled and discharged of record at LESSEE's expense, or, in the alternative, if LESSEE in good faith desires to contest same, LESSEE shall be privileged to do so, at LESSEE's sole cost and expense, but in such case LESSEE agrees to indemnify and save

CITY harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said lien, cause same to be discharged and removed prior to the execution of such judgment. In the event CITY reasonably should consider itself endangered by any such lien and accordingly so notifies LESSEE, and LESSEE fails to provide adequate security for the liability within thirty (30) days after such notice, then CITY, at CITY's sole discretion, may discharge such lien and recover the amount paid therefor from LESSEE immediately as rent under this Lease Agreement.

14.3 CITY and LESSEE understand and agree that LESSEE will obtain construction financing for the improvements to be made on Subparcel B from the Outside Lenders in the original principal amount of Eight Hundred Eighty-Eight Thousand and No/100 Dollars (\$888,000.00) for the benefit of Texas Bank, N.A. and in the original principal sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00) for the benefit of the San Antonio Housing Trust Foundation, Inc. In connection with the acquisition of such financing, LESSEE will be required to grant a Security Interest and/or a Deed of Trust Lien covering the Leasehold Interest of LESSEE in the Leased Premises to each of the Outside Lenders. The CITY Covenants and Agrees that:

(A) LESSEE shall be entitled to grant a Security Interest and/or Lien covering the Leasehold Interest of LESSEE in the Leased Premises to each of the Outside Lenders in the original principal amount of Eight Hundred Eighty-Eight Thousand and No/100 Dollars (\$888,000.00) for the benefit of Texas Bank, N.A. and in the original principal sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00) for the benefit of the San Antonio Housing Trust Foundation, Inc. for the purpose of obtaining financing for the construction of the improvements to be made on Subparcel B;

(B) In the event either or both of the Outside Lenders shall succeed to LESSEE's Leasehold Interest in the Leased Premises, such Outside Lender or Lenders shall succeed to all of the rights of LESSEE hereunder, including, but not by way of limitation, the right to exercise the Option to Purchase the Leased Premises which is granted to LESSEE under the provisions of Section 28.4 below and the right to receive a conveyance of the Leased Premises under the provisions of Section 28.5 below; provided however, in the event either or both of the Outside Lenders shall succeed to LESSEE's Leasehold Interest in the Leased Premises and shall thereafter desire to assign or transfer the Leasehold Interest (without first exercising the option to purchase the Leased Premises), the Outside Lender or Lenders involved shall first notify the CITY and shall obtain the written approval of the CITY to such transfer or assignment, which approval shall not be unreasonably withheld; provided further that all notices of default with respect to the financing provided by the Outside Lenders to LESSEE for the purpose of constructing the improvements on the Leased Premises, shall be sent to the CITY contemporaneously with being sent to the LESSEE;

(C) All instruments pertaining to the loans to be made by the Outside Lenders shall be submitted to the CITY for written approval, which approval shall not be unreasonably withheld; and

(E) The rights granted to the Outside Lenders hereunder shall inure to the successors and assigns of the Outside Lenders, subject however to the provisions of Subparagraph B above.

14.4 LESSEE covenants that should any contract be entered into between LESSEE and a third party for any improvements to be located on the Leased Premises, LESSEE shall cause said contract to contain a provision whereby the third party, or any other party claiming under the third party, acknowledges that it can in no way look to CITY for satisfaction of any claims of any nature arising out of a contract with LESSEE.

14.5 CITY shall have the right of review and approval of all payment and performance bonds and shall note in writing any required changes or corrections thereto within ten (10) business days after receipt thereof. Any payment bonds shall be in general accordance with the McGregor Act, Article 5160 of the Revised Civil Statutes of Texas.

14.6 Failure of LESSEE to comply with any requirement of this Article XIV or any section herein shall, subject to the LESSEE's right to cure such failure, as applicable, as provided in Article XXIII below, be cause for termination of this Lease Agreement by CITY.

XV. INSURANCE

15.1 LESSEE shall obtain and maintain, at LESSEE's expense, with respect to the Leased Premises during any construction, alteration, remodeling or maintenance, and for the duration of this Lease Agreement and any renewals hereof, insurance, issued by a company or companies qualified to do business in the State of Texas, in the following types and amounts:

TYPE	AMOUNT
Worker's Compensation and Employer's Liability	Statutory: \$100,000 -- each occurrence
Commercial General Liability -- to include, but not be limited to coverage for the following: 1. Premises/Operations; 2. Independent Contractors; 3. Products/Completed Operation; 4. Personal Injury; 5. Contractual Liability; 6. None-owned automobile; 7. Liquor Legal liability;	Combined Single Limit for Bodily Injury and Property Damage: \$1,000,000 or its equivalent

TYPE	AMOUNT
Comprehensive Automobile Liability Insurance -- to include coverage for the following: 1. Owned/Leased Automobiles 2. Non-owned Automobiles 3. Hired Automobiles	Combined Single Limit Bodily Injury and Property Damage: \$1,000,000 or its equivalent
Property Insurance -- for physical damage to the property of LESSEE, including improvements and betterments made to the Leased Premises by LESSEE, such coverage to include leakage of sprinklers.	Coverage for a minimum of eighty percent (100%) of the replacement cost of the property
Plate Glass Coverage for Leased Premises	Replacement Cost Insurance Coverage
Builder's Risk Insurance (where the exposure exists) - all risk of physical loss during construction and until a letter of completion is issued by CITY.	Coverage for a minimum of 100% of the replacement cost of the property.

15.2 LESSEE agrees that with respect to the above-required insurance, CITY shall:

(A) Be named as an additional insured;

(B) Be provided with a waiver of subrogation as it pertains to worker's compensation and employer's liability and property insurance coverage for the LESSEE's improvements and betterments; and

(C) Be provided, prior to the execution of this Lease Agreement, with certificates of insurance evidencing the above required insurance, and thereafter without interruption, with certificates evidencing renewals or replacements of said policies of insurance, at least fifteen (15) days prior to the expiration or cancellation of any such policies, such policies to provide that they shall not be cancelable or subject to modification except upon the prior written approval of CITY with sixty (60) days prior written notice to CITY.

Said notices and certificates of insurance shall be provided to each of the following:

Community Development Director Department of Housing and Community Development 419 S. Main, Suite 200 San Antonio, Texas 78204
City Clerk City of San Antonio P. O. Box 839966 San Antonio, Texas 78283-3966

15.3 CITY shall review LESSEE's required insurance as stated herein at the time of renewal of said policies thereof and/or at the time of a material change thereto, and CITY reserves the right to require any reasonable additional limits and/or coverages it may deem necessary; LESSEE agrees to comply with any such request by CITY for additional limits and/or coverages.

15.4 LESSEE shall remain fully liable to CITY and third parties for the payment of any deductible under all insurance policies required hereunder.

15.5 Neither the issuance of any insurance policy required hereunder nor the minimum limits and types of perils specified hereunder for coverage shall be deemed to limit or restrict in any way LESSEE's liability under any indemnity provisions in this Lease Agreement.

15.6 CITY, its agents or employees shall not be liable, and LESSEE waives all claims for any damage to persons or property sustained by LESSEE or any person claiming through LESSEE, which may occur on the Leased Premises, or for the loss of or damage to any property of LESSEE or of others by theft or otherwise, whether caused by LESSEE or any other tenants or persons in the Leased Premises, including, but not limited to, tenants, customers, employees, agents, or contractors or sub-contractors of LESSEE or any occupants of adjacent property or the public. LESSEE shall save and hold harmless CITY from any claims arising out of damage to LESSEE's property or damage to LESSEE's business, including subrogation claims by LESSEE's insurers.

15.7 If an insurance claim is filed, all proceeds received by LESSEE must be used to make repairs or replace items, as applicable, which are covered by said claim.

XVI. INDEMNIFICATION

16.1 LESSEE shall indemnify, defend and hold harmless CITY, and the agents, employees, officers and directors of CITY from any and all claims, liens, including any mechanics and materialmen's liens created during any initial LESSEE finish-out or during future alterations, etc., damages, expenses, fees, fines, penalties, proceedings, actions, demands and suits made upon CITY arising out of, resulting from or related to LESSEE's activities under this Lease Agreement, including any acts or omissions of LESSEE, any employee, contractor or subcontractor of LESSEE and LESSEE's officers, agents, employees, and representatives, while in the exercise of performance of the rights or duties under this Lease Agreement and such indemnity shall apply even where any such claims, losses, damages, causes of action, suits, or liability arise in any part from the negligence of CITY. It is the express intention of CITY and LESSEE that the indemnity provided for in this Article is indemnity by LESSEE to indemnify and protect CITY from the consequences of CITY's own negligence, including the negligence of its employees, agents, contractors or

representatives, excluding only where the cause of the injury, death or damage was CITY's sole active negligence and then only to the extent of CITY's limits of liability under the Texas Tort Claims Act with any indemnification by CITY to be made only upon final adjudication of settlement. LESSEE shall promptly advise CITY in writing of any claim or demand against LESSEE or CITY known to LESSEE related to or arising out of LESSEE's activities, including those acts or omissions of LESSEE and others specified earlier in this section, under this Lease Agreement and shall see to the investigation of and defense of such claim or demand at LESSEE's sole cost.

16.2 It is expressly understood and agreed that LESSEE is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that CITY shall in no way be responsible therefor.

XVII. ACTS OF OTHER PERSONS

17.1 All property placed in or located on the Leased Premises shall be at the sole risk of LESSEE. CITY shall not be liable to LESSEE or to any other person for any damage to property of LESSEE or of others located in or upon the Leased Premises, nor for the loss of or damage to any property of LESSEE or of others by theft or otherwise. CITY shall not be liable for any damage either to the person or property sustained by LESSEE or by other persons due to the Leased Premises, including the structures thereon, or any part or appurtenance thereof becoming out of repair or arising from bursting or leaking of water, gas, waste or steam pipes, or defective wiring or excessive or deficient electrical current or from any construction on or to the Leased Premises by CITY, other tenants or their respective contractors, subcontractors, agents, or employees; or from any act or omission of LESSEE's employees, co-tenants, tenants or other occupants of the building, or any other persons; or due to the happening of any accident in, on or about the Leased Premises.

XVIII. ASSIGNMENT AND SUBLET

18.1 Except as provided in Section 14.3 hereof and except to the extent that LESSEE shall Lease portions of the Peach Creek Apartment Complex in the ordinary course of LESSEE's business of owning and operating the Peach Creek Apartment Complex, LESSEE shall not under any circumstances transfer, assign or sublet this Lease Agreement, the Leased Premises, or LESSEE's interest in and to same, or any right or privilege connected with this Lease Agreement for any use other than as set forth in Article VIII hereof, without first procuring the written consent of CITY. Any attempt at transfer, assignment or subletting without CITY's prior written consent shall be void and shall confer no rights upon any third person. Further, such action shall, if not cured within the time permitted in Article XXIII below, automatically terminate this Lease Agreement without notice and without any legal action necessary by CITY.

18.2 LESSEE shall give CITY sixty (60) days prior written notice that it proposes to enter into an assignment or sublease of this Lease Agreement, which notice shall include the material terms (including the identity and reasonable financial history and data concerning the proposed assignee or sublessee) of said proposed assignment or sublease. CITY shall have the right, within thirty (30) days after such notice to approve or disapprove such assignment or sublease, which approval shall not be unreasonably withheld. Failure by the CITY to notify LESSEE within such thirty (30) day period shall be deemed to be CITY's approval of such assignment or sublease. The consent by CITY to any transfer, assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent attempted transfer, assignment or subletting.

18.3 Each transfer, assignment or subletting to which there has been consent shall be by instrument in writing, in form satisfactory to CITY, and shall be immediately executed by the transferor, assignor or sublessor and by the transferee, assignee or sublessee who shall agree in writing for the benefit of CITY to be bound by and to perform the terms, covenants and conditions of this Lease Agreement to be done, kept and performed by LESSEE. One executed duplicate original of such written instrument shall be immediately delivered to CITY. Failure to first obtain in writing CITY's consent or failure to comply with the provisions of this Article herein contained shall operate to prevent any such transfer, assignment or subletting from becoming effective.

18.4 LESSEE agrees and acknowledges that it shall remain fully and primarily responsible and liable under this Lease Agreement, notwithstanding any assignment or sublease, and acknowledges and agrees that each assignee or sublessee shall be required to attorn to CITY (by instrument reasonably satisfactory to CITY) under the terms of this Lease Agreement.

18.5 CITY shall have the right to transfer and assign, in whole or in part, any of its rights under this Lease Agreement and in the Leased Premises; and, to the extent that an assignee assumes CITY's obligations hereunder, CITY shall by virtue of the assignment be released from future obligation and liability under this Lease Agreement and LESSEE shall acknowledge such release by written instrument timely delivered to CITY. CITY, however, shall provide LESSEE with written notice of CITY's assignment, in whole or in part, of any of its rights under this Lease Agreement and the assignment shall be subject to LESSEE's prior written approval, which approval shall not be unreasonably withheld.

18.6 The receipt by CITY of rent from an assignee, subtenant or occupant of the Leased Premises shall not be deemed a waiver of the covenant in this Lease Agreement against assignment and subletting or an acceptance of the assignee, subtenant or occupant as a tenant or a release of LESSEE from further observances or performance by LESSEE of the covenants contained in this Lease Agreement. No provision of this Lease Agreement shall be deemed to have been waived by CITY unless such waiver be in writing signed by CITY.

XIX.
FIRE AND OTHER DAMAGE

19.1 In the event that the Leased Premises shall be partially or completely damaged by fire or other casualty, LESSEE shall give immediate notice thereof to CITY and the same shall be repaired at the expense of the LESSEE without unreasonable delay, regardless of whether or not such damage was caused or allowed to be caused by LESSEE.

19.2 LESSEE's obligations to rebuild or repair under this Article XIX shall in any event include restoring the Leased Premises to substantially the condition that existed after the completion of "LESSEE's Finish-Out Work," if applicable hereunder. LESSEE agrees that such repair or rebuilding of the Leased Premises will be at LESSEE's sole cost and expense, including the cost and expense to rebuild, repair and restore CITY's and LESSEE's signs, fixtures, furnishings, equipment, improvements, and other items provided or installed by CITY and/or LESSEE in or about the Leased Premises in a manner and to a condition at least equal to that which existed prior to its damage or destruction.

19.3 The obligation of LESSEE to repair or restore the Leased Premises under this Article XIX, is expressly subject to and conditioned upon LESSEE's receipt of all insurance proceeds payable as a result of the damage to the Leased Premises. The CITY agrees to release its interest in all insurance proceeds payable as a result of such damage for the purpose of permitting LESSEE to repair or restore the Leased Premises.

XX.
EMINENT DOMAIN

20.1 In the event the entire Leased Premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority, this Lease Agreement shall terminate and expire as of the date of such taking, and the proceeds from any such appropriation or taking shall be allocated between the CITY and LESSEE as follows:

(A) To the CITY shall be distributed all of the proceeds from such appropriation or taking, but not exceeding the Purchase Price to LESSEE, had LESSEE exercised its Option to Purchase the Leased Premises immediately before such appropriation or taking under the provisions of Section 28.4 below;

(B) The balance of such proceeds, if any, shall be distributed to LESSEE, solely.

In the event more than twenty-five percent (25%) of the square footage of the area of the Leased Premises is taken under the power of eminent domain by any public or quasi-public authority, or if by reason of any appropriation or taking, regardless of the amount so taken, the remainder of the Leased Premises is not practically usable for the purposes for which the Leased Premises were leased, then the Lease Agreement shall

terminate and the proceeds from such taking shall be distributed to CITY and to LESSEE in the manner described in Section A and B above. Thereafter, LESSEE shall own the remainder of the Leased Premises in the same manner as if LESSEE had exercised the Option to Purchase the Leased Premises immediately before such appropriation or taking under the terms and provisions of Section 28.4 below and the CITY shall execute a deed and other conveyance documents to LESSEE to evidence same, if requested by LESSEE, such deed and documents to be same as those described in Article XXVIII, Section 28.4(C) hereof.

In the event of a threatened appropriation or taking of the Leased Premises or any portion thereof by any public or quasi public authority, LESSEE shall have the exclusive right and authority to negotiate and/or contest any such appropriation or taking and in connection therewith, LESSEE shall be entitled to be reimbursed all reasonable expenses of such negotiation and/or contest, including reasonable attorney's fees, prior to the distribution of the proceeds according to the provisions of this Section 20.1.

20.2 If both CITY and LESSEE elect not to so terminate this Lease Agreement, LESSEE shall remain in that portion of the Leased Premises which shall not have been appropriated or taken as herein provided. In such case LESSEE agrees to utilize the proceeds from such appropriation or taking to, as soon as reasonably possible, restore the remaining portion of the Leased Premises to a complete unit of like quality and character as existed prior to such appropriation or taking. Any proceeds from such appropriation or taking which remain after such restoration shall be distributed to CITY, solely and such amount so distributed shall reduce the Purchase Price of the Leased Premises under Section 28.4 below. However, if such remaining proceeds shall exceed the Purchase Price of the Leased Premises under Section 28.4 below, then LESSEE shall be deemed to have exercised the Option to Purchase the Leased Premises and such excess shall belong to LESSEE. In such event, the CITY shall execute a deed and other conveyance documents to LESSEE to evidence same, if requested by LESSEE, such deed and documents to be same as those described in Article XXVIII, Section 28.4(C) hereof.

20.3 For the purpose of this Article, a voluntary sale or conveyance in lieu of condemnation, but under threat of condemnation, shall be deemed an appropriation or taking under the power of eminent domain.

XXI.

FIXTURES, ALTERATIONS, ADDITIONS AND IMPROVEMENTS

21.1 All fixtures, alterations, additions and improvements (except trade fixtures) permanently attached to the Leased Premises shall be the property of CITY and shall remain upon and be surrendered with the Leased Premises as part thereof at the termination of this Lease Agreement.

21.2 Except with respect to the CITY's Finish-Out Work and LESSEE's Finish-Out Work described in Article VII, Section 7.1 hereof, no alterations, additions, improvements, restorations, remodeling, or modifications to the Leased Premises or parking lot facilities shall be made by LESSEE without first procuring the written consent of CITY, which consent shall not be unreasonably withheld. However, it is agreed by LESSEE and CITY that the maintenance and upkeep of the Leased Premises are the sole responsibility and duty of LESSEE and that LESSEE shall perform such maintenance and upkeep at its sole cost and expense and without the necessity of obtaining prior written consent of CITY.

21.3 In the construction or improvement of the Leased Premises, LESSEE shall conform to, and comply with, all Federal, State and local laws, ordinances, permits, rules and regulations applicable thereto, including environmental laws, ordinances, rules and regulations.

21.4 CITY hereby reserves the right at any time to make alterations or additions to, and to build on the Leased Premises, so long as such alteration, addition or construction thereof does not materially alter LESSEE's ingress and egress of the Leased Premises; provided further that no alterations, additions or building on the Leased Premises by the CITY shall be permitted if the effect of same will be to limit the use or enjoyment of the Leased Premises by LESSEE, as such use and enjoyment is contemplated hereunder.

21.5 Any trade fixtures, signs and other personal property of LESSEE purchased at LESSEE's expense, and not at the total or partial expense of CITY, and not permanently affixed to the Leased Premises shall remain the property of LESSEE and CITY agrees that LESSEE shall have the right, provided LESSEE be not in default under the terms of this Lease Agreement, at any time, and from time to time, to remove any and all of such trade fixtures, signs and other personal property which it may have stored or installed in the Leased Premises. LESSEE at its expense shall immediately repair any damage occasioned to the Leased Premises by reason of the removal of any such trade fixtures, signs and other personal property, and upon expiration or earlier termination of this Lease Agreement, shall leave the Leased Premises in a neat and clean condition, free of debris and broom clean. All trade fixtures, signs and other personal property installed in or attached to the Leased Premises by LESSEE must be new or in good, safe, serviceable and attractive condition when so installed or attached. The parties hereto agree that any trade fixtures, signs or other personal property, whether or not so installed or attached, if not removed by LESSEE from the Leased Premises on or before thirty (30) days after the expiration of the Lease term, shall become the property of CITY without any further notice to LESSEE or to its creditors, and liability whatsoever to any party on CITY's part for its safety, condition or disposal at public sale or private sale or otherwise. In connection therewith, should CITY choose to remove or store said property, all costs for such removal and storage shall be borne by LESSEE.

21.6 INTENTIONALLY OMITTED

XXII.
YIELDING UP

22.1 Upon the final expiration or termination of this Lease Agreement, provided LESSEE is not in default, LESSEE may remove its trade fixtures, signs and such of LESSEE's non-structural improvements not permanently affixed as LESSEE shall desire and LESSEE shall repair all damages caused or exposed by such removal. The parties hereto agree that an item shall be deemed to have become permanently affixed if not removed by LESSEE from the Leased Premises on or before thirty (30) days after the termination of this Lease Agreement and such item shall thus become the property of CITY without any further notice to LESSEE or to its creditors, and without any liability whatsoever to any party on CITY's part for its safety, condition, or disposal at public sale or private sale or otherwise. LESSEE shall yield up peacefully to CITY the Leased Premises including CITY's Finish-Out Work and all other alterations, additions and changes made to or upon the same in good order, repair and condition in all respects, damage by fire, casualty, taking by eminent domain, act of public authority and reasonable use and wear excepted.

XXIII.
DEFAULT AND REMEDIES

23.1 In addition to other events of default as described in this Lease Agreement, the following contingencies shall each be deemed to be a condition of default by LESSEE under this Lease Agreement:

(A) Failure by LESSEE to fully perform the covenants and promises set forth in Article VI, Section 6.1 hereof for the entire term of this Lease Agreement;

(B) INTENTIONALLY OMITTED

(C) The taking of LESSEE's Leasehold Interest as set forth herein or of the property placed by LESSEE upon the Leased Premises by execution or other process of law, other than an acquisition by a Leasehold mortgagee of LESSEE, by foreclosure, deed in lieu of foreclosure or otherwise provided or allowed for herein; or

(D) Neglect or failure by LESSEE to perform or observe any of the terms, conditions or covenants of this Lease Agreement or of any written contract or amendment between CITY and LESSEE; or

(E) INTENTIONALLY OMITTED

(F) INTENTIONALLY OMITTED

23.2 LESSEE (or either or both of the Outside Lenders) shall have the right to cure any monetary default in this Lease Agreement within thirty (30) days after receipt of written notice from CITY of such default. LESSEE (or either or both of the Outside Lenders) shall have sixty (60) days (or such longer time as CITY, in its sole discretion, may provide) to cure any non-monetary default after receipt of written notice from CITY of such default.

23.3 Upon the occurrence of any event of default not cured as heretofore provided, CITY, at its option, may declare this Lease Agreement and all rights and interests created thereunder to be terminated, and may seek any and all damages occasioned by LESSEE's default hereunder or any other remedies available at law or in equity. Upon CITY electing to terminate, this Lease Agreement shall cease and come to an end as if that date of electing to terminate were the day originally fixed herein for the expiration of the Lease Agreement.

23.4 Upon the occurrence of any event of default not cured as heretofore provided, CITY shall have the right to repossess the Leased Premises, or any part thereof in the name of the whole, and without demand or notice and relet same for the remainder of the Lease Agreement term, expelling LESSEE and those claiming under LESSEE, forcibly, if necessary, without prejudice to any remedy for other damage (including, but not limited to, any preceding breach of covenant) CITY may claim and without liability to LESSEE, or those claiming under LESSEE for such repossession. Such repossession, however, shall not be construed as an election to terminate this Lease Agreement unless a written notice of such intention be given to LESSEE by CITY, or unless such termination is decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by CITY because of any default by LESSEE, CITY may at any time after such reletting elect to terminate this Lease Agreement for any such default.

23.5 All rights, options, and remedies of CITY contained in this Lease Agreement shall be construed and be held to be cumulative and no one of them shall be exclusive of the other, and CITY shall have the right to pursue any one or all of such remedies or any such other remedy or relief which may be provided by law or in equity whether or not stated in this Lease Agreement.

23.6 If CITY shall terminate this Lease Agreement or take possession of the Leased Premises by reason of a condition of default, LESSEE and those holding under LESSEE shall forthwith remove their goods and effects from the Leased Premises. If LESSEE or any such claimant shall fail to effect such removal forthwith, CITY may, without liability to LESSEE or those claiming under LESSEE, remove such goods and effects and may store the same for the account of LESSEE or of the owner thereof at any place selected by CITY with all costs for said removal and storage to be borne by LESSEE or, at CITY's option, CITY may retain or dispose of LESSEE's goods and effects without notice and without liability to LESSEE or those claiming under LESSEE.

23.7 If CITY shall enter into and repossess the Leased Premises for reason of the default of LESSEE in the performance of any of the terms, covenants or conditions herein contained, then and in that event LESSEE hereby covenants and agrees that LESSEE shall not claim the right to redeem or reenter said premises to restore the operation of this Lease Agreement and LESSEE hereby waives the right to such redemption and reentrance under any present or future law.

23.8 The words "reenter" and "reentry" as used in this Lease Agreement are not restricted to their technical legal meaning.

23.9 If proceedings shall at any time be commenced for recovery of possession as aforesaid and compromise or settlement shall be effected either before or after judgment whereby LESSEE shall be permitted to retain possession of said premises, then such proceeding shall not constitute a waiver of any condition or agreement contained herein or of any subsequent breach thereof or of this Lease Agreement.

23.10 Any amount paid or expense or liability incurred by CITY for the account of LESSEE may be deemed to be additional rental and the same may, at the option of CITY, be added to any rent then due or thereafter falling due hereunder.

XXIV. NON-WAIVER

24.1 Neither the payment by LESSEE, nor acceptance of LESSEE's rent, nor the performance of any obligation by LESSEE shall be deemed to be a waiver by CITY of any rights hereunder after LESSEE fails to cure a default.

XXV. LIMITATION OF WAIVER

25.1 No consent, approval or waiver by CITY or LESSEE, express or implied, to or of any act, or to or of any breach of any covenant, condition or duty of the other party under the terms of this Lease Agreement on any occasion shall be construed as a consent, approval or waiver to, or of, any other act or any other breach of the same covenant, condition or duty on any other occasion, or to, or of, any other act or any breach of any other covenant, condition or duty of the same occasion.

XXVI. BINDING EFFECT

26.1 INTENTIONALLY OMITTED

XVII.
SALE OR EXCHANGE OF PREMISES

27.1 In the event of any sale or exchange of the Leased Premises by CITY, CITY shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease Agreement arising out of any act, occurrence, or omission relating to the Leased Premises or this Lease Agreement occurring after the consummation of such sale or exchange. Provided however, any Grantee of the Leased Premises must expressly assume the obligations of CITY hereunder and must agree to be bound by the terms of this Lease Agreement. Moreover, prior to the sale or exchange of the Leased Premises by CITY, CITY shall notify LESSEE and obtain LESSEE's prior approval of such transaction, which approval shall not be unreasonably withheld.

27.2 INTENTIONALLY OMITTED

XXVIII.
TERMINATION/PURCHASE OPTION/CONVEYANCE TO LESSEE

28.1 "Termination" of this Lease Agreement shall mean termination by expiration of the Lease term (or any renewal hereof) or earlier termination pursuant to any of the provisions of this Lease Agreement.

28.2 Upon termination of this Lease Agreement, except as provided in Paragraph 28.4 or 28.5 below, LESSEE shall peacefully surrender the Leased Premises to CITY and CITY may, upon or at any time after such termination, without further notice to LESSEE, enter and re-enter upon the Leased Premises, and possess and repossess itself thereof by force, summary proceedings, ejectment or otherwise, thereby dispossessing LESSEE and removing LESSEE and all other persons and property from the Leased Premises.

28.3 LESSEE shall have the right, within thirty (30) days after the termination of this Lease Agreement, except when termination occurs pursuant to the provisions of Paragraph 28.4 below and except when termination is a result of LESSEE's default under the terms, provisions, conditions or covenants of this Lease Agreement, to remove from the Leased Premises all of its furniture, fixtures, equipment and furnishings which are not nor have become the property of CITY as provided in this Lease Agreement, and, with respect to any damage caused thereby, LESSEE shall have the obligation to restore the Leased Premises to its condition prior to such removal, reasonable wear and tear excepted. If any of LESSEE's property remains in or on the Leased Premises after thirty (30) days following termination of this Lease Agreement and no renewal agreement has been executed, such property shall be deemed to have become the property of CITY without further action on CITY's part, and may be disposed of as CITY sees fit without liability to account to LESSEE for the proceeds of any sale thereof.

28.4 At any time during the term of this Lease Agreement, LESSEE shall have the right, option and privilege to purchase the fee simple interest in the Leased Premises and all improvements, fixtures, alterations and additions located thereon, including, but not by way of limitation, the CITY's Finish-Out Work and the Peach Creek Apartment Complex. Such right, option and privilege shall be exercised in the following manner:

(A) Option Term: The Option Term shall be coterminous with the term of this Lease.

(B) Exercise of Option: To exercise the option granted in this Section, LESSEE shall give CITY at least thirty (30) days Notice in writing of its election to exercise the option granted to LESSEE under this Paragraph 28.4. Such written notice shall specify a date for closing (referred to herein as the "Closing Date"), which date must occur during the term of this Lease.

(C) Purchase Price and Terms: In the event LESSEE shall elect to exercise the option granted in this Section, then, the sale and purchase of the Leased Premises shall be conducted upon the following terms and conditions:

1. Closing Date: The sale and purchase shall be consummated on the Closing Date specified in the notice from LESSEE to the CITY;

2. Purchase Price: The Purchase Price of the Leased Premises shall be the One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00);

3. Terms of Purchase Price: Purchase Price shall be payable to the City of San Antonio in cash or by bank cashiers check on the Closing Date.

4. Obligations of CITY upon Closing Date: On the Closing Date, contemporaneously with the delivery of the Purchase Price as provided for herein above, CITY shall deliver to LESSEE upon forms reasonably acceptable to LESSEE, the following:

a. Deed without Warranty or Quitclaim Deed conveying the Leased Premises to LESSEE;

b. Bill of Sale covering all personal property existing on the Leased Premises as of the Closing Date and which is owned by the CITY and utilized by LESSEE in connection with the ownership and operation of the Peach Creek Apartment Complex on the Leased Premises; and

c. Such other documents as CITY and LESSEE agree may be necessary, proper or expedient to complete the sale and conveyance of the Leased Premises to LESSEE.

28.5 Upon the expiration of the Lease Term, if LESSEE shall not be in default hereunder, CITY shall deliver to LESSEE upon forms reasonably acceptable to LESSEE, the following:

(A) Deed without Warranty or Quitclaim Deed conveying the Leased Premises to LESSEE;

(B) Bill of Sale covering all personal property existing on the Leased Premises as of the Closing Date and which is owned by the CITY and utilized by LESSEE in connection with the ownership and operation of the Peach Creek Apartment Complex on the Leased Premises; and

(C) Such other documents as CITY and LESSEE agree may be necessary, proper or expedient to complete the sale and conveyance of the Leased Premises to LESSEE.

Such transfers shall be made to LESSEE without the payment of additional consideration by LESSEE except that LESSEE shall pay all filing fees and transfer fees incident to such transfers.

28.6 **Title Matters:** It is the purpose, desire and intention of CITY and LESSEE that the CITY be insured with regard to its ownership of the Fee Simple title to the Leased Premises during the term of this Lease Agreement and upon exercise of the option granted to LESSEE pursuant to the provisions of Section 28.4, or upon the conveyance of the Leased Premises to LESSEE pursuant to the provisions of Section 28.5, that LESSEE will acquire the Fee Simple title to the Leased Premises. In order to accomplish these goals, the LESSEE and CITY agree as follows:

(A) Assignment of Rights Under Title Policy: Contemporaneously herewith, LESSEE has obtained an Owner's Policy of Title Insurance from Commercial Abstract and Title Company in the amount of One Million Eighty-Eight Thousand Dollars and No\100's Dollars (\$1,088,000.00), under Case Number 94 DT 309310-VI (00017) (referred to herein as the "Title Policy"). LESSEE has contemporaneously herewith delivered the original of the Title Policy to the CITY and LESSEE does hereby transfer and assign to the CITY, all of LESSEE's rights, titles and interests in the Title Policy, for and during the term of this Lease Agreement in order to insure CITY's Fee Simple title in the Leased Premises.

(B) Conveyance Upon Exercise of Option: Upon the exercise of the option granted to LESSEE herein to purchase the Leased Premises or upon the conveyance

of the Leased Premises to LESSEE, as the case may be, CITY shall only convey the Leased Premises to LESSEE by Deed without Warranty or by Quitclaim Deed. Nevertheless, CITY agrees that it will take no action which will have the effect of preventing a conveyance of the Fee Simple title in the Leased Premises to LESSEE upon the exercise of the option granted to LESSEE herein. Moreover, contemporaneously with the conveyance to be made by the CITY to LESSEE of the Leased Premises, the CITY will reassign and retransfer the Title Policy (and all rights of the insurance thereunder) to LESSEE.

28.7 Termination of this Lease Agreement for reasons other than those herein set forth may occur at any time prior to expiration of its Lease term (or any renewal hereof) only upon mutual consent and written agreement of CITY and LESSEE. Rentals due hereunder shall be payable only to the effective date of said termination. Any prepaid and unearned rental shall be refunded to LESSEE or, in the event LESSEE shall exercise the Option to Purchase the Leased Premises as provided in Paragraph 28.4 above, any unearned prepaid rentals shall be applied against and shall reduce the Purchase Price.

XXIX.

TAXES AND OTHER ASSESSMENTS: LICENSES AND PERMITS

29.1 LESSEE shall pay to the appropriate collecting authorities, on or before their respective due dates, all federal, state and local taxes and other assessments which are or may hereafter be levied or assessed upon the Leased Premises, LESSEE, the business conducted on the premises, or any and all of LESSEE's property, real or personal, used in connection therewith. Additionally, LESSEE shall maintain in current status all federal, state and local licenses and permits as required for the operation of the business conducted by LESSEE. LESSEE shall reimburse, with interest thereon at the maximum non-usurious rate of interest under applicable law, CITY forthwith upon request, if CITY shall have paid any such tax in the first instance, provided CITY was legally obligated to pay the same.

29.2 LESSEE shall pay before delinquency, and maintain in current status, all federal, state and local taxes, assessments, license fees, permit fees, and other governmental impositions of whatever kind or nature imposed with respect to LESSEE, LESSEE's business, the Leased Premises, and any and all trade fixtures, merchandise and other personal property of whatsoever kind in or on the Leased Premises or used in connection therewith (including, without limitation, exterior signs), and LESSEE shall reimburse CITY forthwith upon request, with interest thereon at the maximum rate of interest under applicable law, if CITY shall have paid any such tax in the first instance, provided LESSEE was legally obligated to pay same.

XXX.
TRANSFER RIGHTS

30.1 It is understood and agreed by and between CITY and LESSEE that if LESSEE's Leasehold Interest in the Leased Premises is transferred by virtue of foreclosure by a mortgagee (or by virtue of a Deed in Lien of Foreclosure), CITY agrees to execute a lease agreement for the balance of the remaining lease term with such mortgagee as the title holder in fee of such property covering the Leased Premises, the terms thereof to be substantially similar to the terms hereof; provided, however, that at the time of execution of such lease agreement, said terms are in full compliance with all applicable city, state and federal laws and regulations.

XXXI.
NONDISCRIMINATION, EMPLOYMENT AND WAGES

31.1 LESSEE shall not discriminate against any prospective tenant of any portion of the Leased Premises on the basis of the prospective tenant's race, color, creed, sex, national origin, handicap or age or on the basis of said tenant's receipt of, or eligibility for, housing assistance under any federal, state or local housing assistance program.

31.2 LESSEE shall comply or cause compliance with all applicable employment requirements.

31.3 LESSEE shall pay wages, in accordance with any and all applicable federal and state statutes, to persons employed in its operations hereunder.

XXXII.
CONFLICT OF INTEREST

32.1 LESSEE acknowledges being informed that Texas law prohibits contracts between CITY and its "officers" and "employees" and that said prohibition extends to an officer and employee of CITY agencies, such as CITY-owned utilities and certain CITY boards and commissions, and to contracts with any partnership, corporation or other organization in which the officer or employee of CITY has an interest. LESSEE certifies, and this Lease Agreement is made in reliance thereon, that neither it nor any person having an interest in this contract is an officer or employee of CITY or any of its agencies.

XXXIII.
NOTICES

33.1 Notices to CITY required or appropriate under this Lease Agreement shall be deemed sufficient if in writing and mailed, registered or certified mail, return receipt requested, postage prepaid, addressed to:

City Clerk
City of San Antonio
P.O. Box 839966
San Antonio, Texas 78283-3966

Department of Housing and Community Development
ATTN: Community Development Director
419 S. Main, Suite 200
San Antonio, Texas 78204

33.2 Notices to LESSEE required or appropriate under this Lease Agreement shall be deemed sufficient if in writing and mailed, registered or certified mail, return receipt requested, postage prepaid, addressed to:

E. S. Wright Investments, Inc.
100 Bikeway Lane
San Antonio, Texas 78231

With carbon copies to:

Texas Bank, N.A.
403 South W.W. White Road
San Antonio, Texas 78219
ATTN: Mr. Ed. L. White, Jr.

and

San Antonio Housing Foundation, Inc.
818 South Flores, Suite 105
Post Office Box 2060
San Antonio, Texas 78297
ATTN: Mr. Tim Hathaway, Executive Director

33.3 Either party to this Lease Agreement may change the address for Notices by notifying the other party in the manner provided in Section 33.1 or 33.2 above.

XXXIV. RELATIONSHIP OF PARTIES

34.1 Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties. It is understood and agreed that no provision contained herein nor any act of the parties hereto shall create a relationship other than the relationship of lessor and LESSEE.

XXXV.
ENTIRE AGREEMENT

35.1 The parties hereto acknowledge that the Charter of the City of San Antonio requires all contracts, including lease agreements, to be written and adopted by ordinance and that this Lease Agreement, together with the authorizing ordinance, contains the final and entire agreement between the parties hereto and contains all the terms and conditions agreed upon. No other agreements, oral or otherwise, regarding the subject matter of this Lease Agreement shall be deemed to exist or to bind the parties hereto.

XXXVI.
AMENDMENT

36.1 This Lease Agreement, together with the authorizing ordinance, constitute the entire agreement between the parties hereto. No amendment, modification, or alteration of the terms of this Lease Agreement shall be binding unless same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto provided however, no amendment or alteration of this Lease Agreement shall be made unless and until the Outside Lenders shall have been given at least thirty (30) days written notice in writing of such amendment, modification or alteration.

XXXVII.
SEVERABILITY

37.1 If any clause or provision of this Lease Agreement is for any reason held to be invalid, illegal or unenforceable under present or future laws effective during the term of this Lease Agreement, or any renewal hereof, then and in that event it is the intention of the parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision of this Lease Agreement and that the remainder hereof shall be construed as if such invalid, illegal or unenforceable clause or provision were never contained herein. In such an event, it is the intention of the parties hereto that the remainder of this Lease Agreement shall not be affected thereby. It is also the intention of the parties hereto that in lieu of each clause or provision of this Lease Agreement that is invalid, illegal, or unenforceable, there be added as a part of this Lease Agreement a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

XXXVIII.
TEXAS LAW TO APPLY

38.1 THIS LEASE AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN BEXAR COUNTY, TEXAS. THE PARTIES HERETO FURTHER AGREE THAT ANY COURT OF PROPER JURISDICTION

SITTING IN SAN ANTONIO, BEXAR COUNTY, TEXAS, SHALL BE THE PROPER FORUM FOR ANY ACTIONS BROUGHT HEREUNDER.

XXXIX.

LAWS, REGULATIONS, AND ORDINANCES

39.1 LESSEE shall conduct its operations in a quiet and orderly manner and shall observe and comply with all city, state and federal laws, orders, regulations, and ordinances affecting the Leased Premises and the cleanliness, safety, operation or use thereof and LESSEE's operations on or from the Leased Premises.

39.2 LESSEE agrees to comply with the regulations or requirements of any insurance underwriter, inspection bureau, or similar agency, with respect to the Leased Premises. LESSEE also agrees to permit CITY to comply with such regulations and requirements with respect to Subparcel A.

39.3 LESSEE shall keep and maintain the Leased Premises equipped with safety appliances or devices which may be required by any governmental authority because of LESSEE's use. LESSEE specifically covenants to comply with all rules and regulations of the local Board of Fire Underwriters occasioned by or required in the conduct of LESSEE's business.

39.4 If the LESSEE installs any electrical equipment which would overload the existing lines in the herein Leased Premises, the LESSEE shall at its own expense, make whatever changes are necessary to comply with the requirements of the Insurance Underwriters and/or the City of San Antonio Building Inspections Department; provided, however, that any action taken in connection with this section, whether initial installation or necessary changes, shall not be so taken without the prior written consent of CITY to so undertake. LESSEE shall therefore notify CITY in writing of any intent or request to so undertake and shall do so in a timely and expeditious manner.

XL.

MISCELLANEOUS

40.1 INTENTIONALLY OMITTED

40.2 This Lease Agreement may be executed in duplicate originals, each of which shall be considered an original for all purposes.

40.3 INTENTIONALLY OMITTED

XLI
MEMORANDUM OF LEASE

41.1 CITY and LESSEE each agree to execute a Memorandum of Lease for this Lease Agreement in recordable form upon reasonable request to so provide such documentation.

XLII.
PARTIES BOUND

42.1 This Lease Agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, except as otherwise expressly provided herein.

XLIII.
ATTORNEY'S FEES

43.1 INTENTIONALLY OMITTED

43.2 If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Lease Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and expenses from the other party, which fees may be set by the Court in the trial of such action or may be enforced in a separate action brought for that purpose, and which fees shall be in addition to any other relief which may be awarded.

XLIV.
GENDER

44.1 Words of any gender used in this Lease Agreement shall be held and construed to include the other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

XLV.
CAPTIONS

45.1 The captions contained in this Lease Agreement are for convenience of reference only, and shall not be considered a part of this Lease Agreement or in any way be construed to modify, amend, limit, enlarge or affect the terms and or/conditions of this Lease Agreement.

XLVI.
AUTHORITY AND REVIEW BY LEGAL COUNSEL

46.1 The signer of this Lease Agreement for LESSEE hereby represents and warrants that he or she has full authority to execute this Lease Agreement on behalf of LESSEE and the parties hereto acknowledge that they have thoroughly read this Lease Agreement, including any exhibits and attachments hereto, and have sought and received whatsoever full and complete understanding of their rights and obligations herein, and, having so done, do hereby execute this Lease Agreement as made and entered into on the day and year first above mentioned, regardless of the date shown on the signature line hereafter and with both parties acknowledging that the applicable City Ordinance is not effective until ten (10) days after the date shown therein as passed and approved, unless an emergency is declared in said ordinance.

WITNESS, the signature of the parties hereto this the 10th day of March, 1995. *EW*

CITY
CITY OF SAN ANTONIO

BY: *Andrew W. Cameron*
Andrew W. Cameron, Director
Department of Housing and
Community Development

LESSEE
E.S. WRIGHT INVESTMENTS, INC.

BY: *Earl L. Wright*
Earl L. Wright, President

APPROVED AS TO FORM:

ASSISTANT CITY ATTORNEY

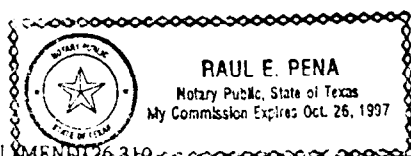
By: *Liz Viesca*
Liz Viesca, Assistant City Attorney

THE STATE OF TEXAS §

§

COUNTY OF BEXAR §

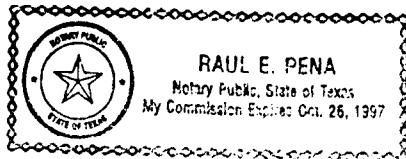
This instrument was acknowledged before me on this the 10th day of March, 1995, by Andrew W. Cameron, Director, Department of Housing and Community Development.



Raul E. Pena
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on this the 10th day of March, 1995,
by Earl L. Wright, President, E.S. Wright Investments, Inc.



Raul E. Pena
Notary Public, State of Texas

Attached: Exhibit "A" - Plat of Leased Premises
 Exhibit "B" - Legal Description of Subparcel A
 Exhibit "C" - Plans and Specifications

FLOOD INSURANCE STATEMENT
 Last property 121 NCT situated within a
 Special Flood Hazard Area as identified
 by the Flood Insurance Rate Map (FIRM)
 No. AP00045 00000000
 Effective Date 1-1-83
 Date 1-1-83

666-630-1111
1000 3rd St
St. Louis, MO 63101
www.666-630-1111

FLOOD INSURANCE STATEMENT

THIS PROPERTY IS NOT SITUATED WITHIN A
SPECIAL FLOOD HAZARD AREA AS DETERMINED
BY THE FLOOD INSURANCE RATE MAP (FIRM)
OF A99999 C-22-F.

EFFECTIVE DATE 1-10-85

104

LOT 11 BLK. 24 N. C.B. 1452
SUB'D. VARGAS STREET UNIT #2
ADDRESS 523 HEDGES STREET
CITY SAN ANTONIO COUNTY BEXAR, TEXAS
GAF No. 509310 V

REFERENCE:

TO :
R.S. WRIGHT INVESTMENT, INC.;
CITY OF SAN ANTONIO;
COMMERCIAL ABSTRACT AND TITLE COMPANY
TENAS CANA, N.A.
SAN ANTONIO
STATE OF TEXAS
COUNTY OF BEXAR

I HEREBY CERTIFY THAT THE ABOVE PLAT IS TRUE AND CORRECT ACCORDING TO AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION AND THAT THERE ARE NO VISIBLE EASEMENTS OR ENCROACHMENTS OF BUILDINGS ON ADJOINING PROPERTY AND THAT ALL BUILDINGS ARE WHOLLY LOCATED ON THIS PROPERTY EXCEPT AS SHOWN ABOVE.

THIS 22ND DAY OF FEB 1995 A.D.

JOSEPH H. CLINE
REG. PROF. LAW SCHOOL, 1976

REVISED: 3RD DAY OF FEB. 1995 A.D.

NOTE: WHEN FINDING ALL CORNERS R/2-1



100-100000

EXHIBIT "B"



METES & BOUNDS
TRACT A

Being 0.254 acres of land out of Lot 11, NCB 1459, Vargas Street Subdivision Unit 2, San Antonio, Bexar County, Texas, as recorded in Volume 9523, Page 80 of the Plat Records of Bexar County, Texas. Said tract being more particularly described as follows:

BEGINNING at a 1/2" iron pin set on the north right-of-way line of Hedges Street at the southwest corner of said Lot 11, also being the southwest corner of herein described Tract A;

THENCE - N 00° 00' 00" E, 124.08 feet, leaving said right-of-way line of Hedges Street and along the common line between said Lots 11 and 2, to a 1/2" iron pin set in the south right-of-way line of Wyoming Street; said point being the northwest corner of Lot 11 and Tract A;

THENCE N 89° 53' 30" E, 181.00 feet along said south right-of-way line to a point for the northeast corner of said Tract A;

THENCE S 00° 06' 30" E, 60.00 feet, leaving said south right-of-way line to a point for a corner;

THENCE S 89° 53' 30" W, 80.00 feet to a point for a corner;

THENCE N 00° 06' 30" W, 13.00 feet to a point of curvature;

THENCE 7.85 feet along a curve to the left having a central angle of 90° 00' 00" and a radius of 5.00 feet to a point of tangency;

THENCE S 89° 53' 30" W, 68.08 feet to a point of curvature;

THENCE 7.85 feet along a curve to the left having a central angle of 90° 00' 00" and a radius of 5.00 feet to a point of tangency;

THENCE S 00° 06' 30" E, 57.24 feet to a point of deflection;

THENCE S 10° 24' 28" E, 27.54 feet, returning to the north right-of-way line of Hedges Street, to a point for a corner;

THENCE N 75° 37' 17" W, 29.00 feet along said right-of-way line to the POINT-OF-BEGINNING, containing 0.254 acres of land more or less.

Surveyed completed October 7, 1994

Adalberto Camarillo
Adalberto Camarillo
Registered Professional
Land Surveyor #3929





POZZETTI
ENGINEERING

CAMARILLO
SURVEYING

ASSOC., INC.
PLANNING

METES & BOUNDS
TRACT B

Being 0.275 acres of land out of 11, NCB 1459, Vargas Street Subdivision Unit 2, San Antonio, Bexar County, Texas, as recorded in Volume 9523, Page 80 of the Plat Records of Bexar County, Texas. Said tract being more particularly described as follows:

BEGINNING at a point on the north right-of-way line of Hedges Street for the southeast corner of said Tract B; said point being N 75° 37' 17" W, 71.14 feet along said north right-of-way line of Hedges Street from a 1/2" iron pin set at the west end of a 15.00 foot radius curve return from the west right-of-way line of Gevers Street;

THENCE N 75° 37' 17" W, 60.94 feet continuing along said right-of-way line to a point for the southwest corner of said Tract B;

THENCE N 00° 06' 30" W, 56.75 feet, leaving said north right-of-way line to a point for an interior corner;

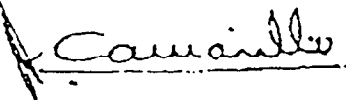
THENCE S 89° 53' 30" W, 2.00 feet to a point for a corner;

THENCE N 00° 06' 30" W, 134.11 feet to a point on the south right-of-way line of Wyoming Street, for the northwest corner of said Tract B;

THENCE N 89° 53' 30" E, 61.00 feet along said south right-of-way line to a point for the northeast corner of said Tract B;

THENCE S 00° 06' 30" E, 206.11 feet, leaving said south right-of-way line of Wyoming Street and returning to said north right-of-way line of Hedges Street and the POINT-OF-BEGINNING containing 0.275 acres of land more or less.

Surveyed completed October 7, 1994



Adalberto Camarillo
Registered Professional
Land Surveyor #3929



Page 1 of 1
Vargas Street Subdivision
JO# 94045

309310 VI
mcc

SPECIAL WARRANTY DEED

Date: March 10, 1995

Grantor: E.S. Wright Investments, Inc.

Filed for Record in:
BEXAR COUNTY, TX
GERRY RICKHOFF, COUNTY CLERK

On Mar 14 1995

Grantor's Mailing Address (including county):

At 1:32pm

100 Bikeway
San Antonio, Bexar County, Texas 78234-0000

Receipt #: 116120
Recording: 5.00
Tax: 78234.00

Grantee: City of San Antonio, a Texas Municipal Corporation

Doc/Hun : 95- 0037960
Deputy -Deborah Greiner

Grantee's Mailing Address (including county):

City Clerk, City of San Antonio
Post Office Box 839966
San Antonio, Bexar County, Texas 78283-3966

Consideration: Ten and No/100 Dollars (\$10.00) and other good and valuable consideration in hand paid, the Receipt, Sufficiency and Fairness of which consideration is hereby Acknowledged and Confessed.

Property (including any improvements):

Lot 11, Block 24, NCB 1459, Vargas Street, Unit 2 in the City of San Antonio, Bexar County, Texas, according to map or plat thereof recorded in Volume 9523, Page 80 of the Deed and Plat Records of Bexar County, Texas, together with all of the easement, rights of way, privileges, liberties, hereditaments, strips and gores, streets, alleys, passages, ways, waters, watercourses, rights and appurtenances thereto belonging or appertaining and all of the Estate, Right, Title, Interest, Claim or Demand whatsoever of Grantor therein and in the streets and ways adjacent thereto, either in law or in equity.

Reservations from and Exceptions to Conveyance and Warranty:

This conveyance is made and accepted expressly subject to any and all easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances, and other instruments, other than liens and conveyances, that affect the Property; rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts or shortages in area or boundary lines; any encroachments or overlapping of improvements; taxes for the current year, the payment of which Grantee

assumes; and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantee assumes;

Grantor, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, **GRANTS, SELLS, and CONVEYS** to Grantee the Property, together with all and singular the rights and appurtenances thereto in anywise belonging, **TO HAVE AND TO HOLD** it to Grantee, Grantee's heirs, executors, administrators, successors, or assigns forever. Grantor hereby binds Grantor and Grantor's heirs, executors, administrators, and successors to **WARRANT AND FOREVER DEFEND** all and singular the Property to Grantee and Grantee's heirs, executors, administrators, successors, and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to warranty, when the claim is by, through or under Grantor, but not otherwise.

When the context requires, singular nouns and pronouns include the plural.

GRANTOR:

E. S. WRIGHT INVESTMENTS, INC.

By: _____

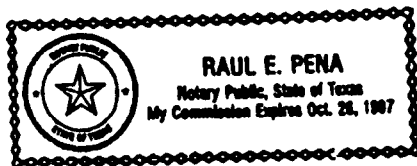
Earl L. Wright
Earl L. Wright, President

THE STATE OF TEXAS §

§

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 10th day of March, 1995, by Earl L. Wright, President of E. S. Wright Investments, Inc.



Raul E. Pena
Notary Public, State of Texas

PREPARED BY	AFTER RECORDING RETURN TO
Law Offices of Peter M. Wolverton 300 Convent, Suite 1450 San Antonio, Texas 78205 (210) 227-9351	Law Offices of Peter M. Wolverton 300 Convent, Suite 1450 San Antonio, Texas 78205 (210) 227-9351

309310 VI
mae

NON-HOMESTEAD AFFIDAVIT

For Record in:
BEXAR COUNTY, TX
GERRY RICKHOFF, COUNTY CLERK

STATE OF TEXAS §
§
COUNTY OF BEXAR §

On Mar 14 1995

At 1:32pm

Receipt #: 116120
Recording: 5.00
Doc/Mgmt: 6.00

BEFORE ME, the undersigned authority, on this day personally appeared EARL L. WRIGHT and wife, SUSAN L. WRIGHT, (the "Undersigned", whether one or more) after being duly sworn, upon oath, deposed and said:

Deputy -Deborah Greiner

The Undersigned does not now reside upon, use in any manner, nor claim as a business, residence, or rural homestead, nor have any present intention of ever in the future residing upon, using or claiming as a business, residence, or rural homestead, the following described real property. The Undersigned hereby renounces and disclaims any homestead rights, interest or exemption in such property, to-wit:

Leasehold Estate as created by that one certain Lease Agreement dated March 10th, 1995, executed by and between City of San Antonio, a Texas municipal corporation, as Landlord, and E. S. Wright Investments, Inc. a Texas corporation, as Lessee, as evidenced by that one certain Memorandum of Lease dated March 10th, 1995, filed for record in the office of the County Clerk of Bexar County, Texas on March 14, 1995, under Clerk's File No. 95-37961, Real Property Records, Bexar County, Texas, executed by and between City of San Antonio, as Landlord, and E. S. Wright Investments, Inc., a Texas corporation, as Lessee, in and to the following: Lot 11, Block 24, New City Block 1459, Vargas Street Unit #2, City of San Antonio, Bexar County, Texas, according to plat recorded in Volume 9523, Page 80 of the Plat Records of Bexar County, Texas.

also commonly known as Lot 11, Block 24, NCB 1459 @ Hedges & Gevers Street
San Antonio, Texas

That the Undersigned now resides upon, uses and claims as its legal homestead the following described property, to-wit:

100 Bikeway Lane
San Antonio, Texas 78231

which said last described property is improved with a dwelling house, is amply sufficient as a residence homestead for the Undersigned, and the fee simple title to which is vested in the Undersigned. And the Undersigned hereby sets apart and designates the said last described property as the homestead to which the Undersigned's family is entitled, under the Constitution and laws of the State of Texas, exempt from forced sale, and the Undersigned further declares that said property last described is all the property and the only property to which the Undersigned is now entitled as a homestead exempt from forced sale.

That this affidavit and designation is made to induce TEXAS BANK, N.A. to make a loan secured by a Deed of Trust covering the property first described above.

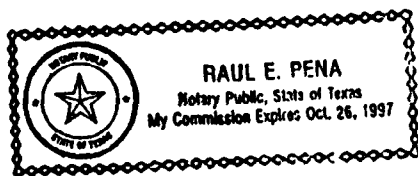
Neuter pronouns shall also include masculine or feminine references, where applicable, and singular references and pronouns shall include the plural, where applicable.

EXECUTED on the 10th day of March, 1995.

Earl L. Wright
EARL L. WRIGHT

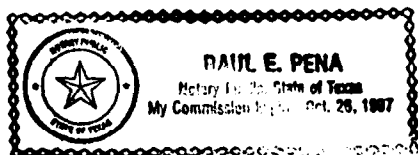
Susan L. Wright
SUSAN L. WRIGHT

SWORN TO AND SUBSCRIBED to before me on the 10th day of March, 1995.



Raul E. Pena
NOTARY PUBLIC, STATE OF TEXAS

SWORN TO AND SUBSCRIBED to before me on the 10th day of March, 1995.



Raul E. Pena
NOTARY PUBLIC, STATE OF TEXAS

AFTER RECORDING RETURN TO:
TEXAS BANK, N.A.
403 S. W.W. White Road
San Antonio, Texas 78219

c:\templxbank\wright\homestead.aff

WARRANTY DEED

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF BEXAR

That the URBAN RENEWAL AGENCY OF THE CITY OF SAN ANTONIO, County of Bexar, and State of Texas, for and in consideration of the sum of THIRTY TWO THOUSAND ONE HUNDRED AND NO/100 NO/100 DOLLARS (\$ 32,100.00), to it in hand paid by the grantee herein named, the receipt of which is hereby acknowledged, have GRANTED, SOLD AND CONVEYED, and by these presents do GRANT, SELL AND CONVEY unto EARL L. WRIGHT AND SUSAN L. WRIGHT of the County of Bexar, and State of Texas, all of the following described real property in Bexar County, Texas, to wit:

LOT 11, BLOCK 24, NEW CITY BLOCK 1459, VARGAS STREET, UNIT #2, IN THE CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 9523, PAGE 80, DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said grantee, its successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

This Deed is made and executed upon and is subject to certain express conditions and covenants, said conditions and covenants being a part of the consideration for the property hereby conveyed and are to be taken and construed as running with the land and upon the continued observance of which and each of which, with the sole exception of covenants numbered FIRST and THIRD, the continued existence of the estate hereby granted shall depend, and the Grantee hereby binds itself and its successors, assigns, grantees, and lessees forever to these covenants and conditions, which covenants and conditions are as follows:

FIRST: The Grantee shall devote the property hereby conveyed only to the uses specified in the applicable provisions of the URBAN RENEWAL PLAN or approved modifications thereof;

SECOND: The Grantee shall pay real estate taxes or assessments on the property hereby conveyed or any part thereof when due;

THIRD: The Grantee agrees for itself and any successor in interest not to discriminate upon the basis of race, color, or national origin in the sale, lease, or rental or in the use or occupancy of the property hereby conveyed or any part thereof or of any improvements erected or to be erected thereon or any part thereof.

The covenants and agreements contained in the covenant numbered FIRST shall run for a 25-year period from the date of this Deed. The covenants numbered SECOND and THIRD shall remain in effect without any limitation as to time.

The Grantor shall be deemed a beneficiary of covenants numbered FIRST through THIRD, and the United States, shall be deemed a beneficiary of the covenant numbered THIRD, and such covenants shall run in favor of the Grantor and the United States for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor and the United States is or remains an owner of any land or interest therein to which such covenants relate. As such a beneficiary, the Grantor in the event of any breach of any such covenant, and the United States in the event of any breach of the covenant numbered THIRD, shall have the right to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach, to which beneficiaries of such covenant may be entitled.

Executed this 20th day of OCTOBER, A.D., 19 94

URBAN RENEWAL AGENCY OF

THE CITY OF SAN ANTONIO

By: [Signature]

Chairman

ATTY:

[Signature]
Secretary

STATE OF TEXAS *

COUNTY OF BEXAR *

BEFORE ME, the undersigned authority, on this day personally appeared LEWIS FISHER and ELVIA CHACON FERNANDEZ, Chairman and Secretary, respectively, of the URBAN RENEWAL AGENCY OF THE CITY OF SAN ANTONIO, Bexar County, Texas, known to me to be the persons and officers whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed and in the capacity therein stated and as the act and deed of the URBAN RENEWAL AGENCY OF THE CITY OF SAN ANTONIO, Bexar County, Texas.

GIVEN UNDER MY HAND AND SEAL of office, this 20th day of OCTOBER, 19 94.



SAM J. RUFFINO
Notary Public, State of Texas
My Comm. Exp. 02/28/97

[Signature]
Notary Public in and for the

State of Texas

309310 VI
mac

MEMORANDUM OF LEASE

DATE: March 10, 1995

Filed for Record in:
BEXAR COUNTY, TX
GERRY RICKHOFF, COUNTY CLERK

LESSOR: City of San Antonio, A Texas Municipal Corporation

At 1:32pm

LESSOR'S MAILING ADDRESS (including county):

Receipt #: 116120
Recording: 5.00
Doc/Net: 6.00

City Clerk, City of San Antonio
Post Office Box 839966
San Antonio, Bexar County, Texas 78283-3966
Deputy - Deborah Greiner

Department of Housing and Community Development
ATTN: Community Development Director
419 South Main, Suite 200
San Antonio, Bexar County, Texas 78204

LESSEE: E. S. Wright Investments, Inc.

LESSEE'S MAILING ADDRESS (including county):

100 Bikeway Lane
San Antonio, Bexar County, Texas 78231

PROPERTY:

Lot 11, Block 4, NCB 1453, Vargas Street Unit Number 2 in the City of San Antonio, Bexar County, Texas according to plat recorded in Volume 9523, Page 80 of the Plat records of Bexar County, Texas.

LEASE:

Date: March 10, 1995

Expiration Date: Ten (10) Years after date of execution.

Options: Option to Purchase in Favor of Lessee Included in Lease Agreement.

CONFIRMATION OF LEASE

Lessor and Lessee acknowledge and confirm that they have entered into the Lease and that the Lease is a valid and subsisting Lease against the Property.

GENERAL PROVISIONS

When the context requires, singular nouns and pronouns include the plural.

LESSOR:

CITY OF SAN ANTONIO

By: Andrew W. Cameron
Andrew W. Cameron, Director,
Department of Housing and Urban
Development

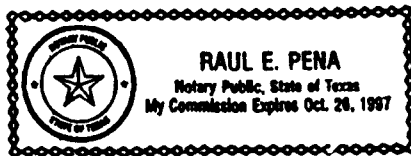
LESSEE:

E. S. WRIGHT INVESTMENTS, INC.

By: Earl L. Wright
Earl L. Wright, President

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

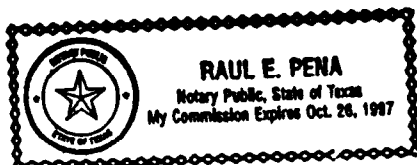
This instrument was acknowledged before me on this the 10th day of March, 1995,
by Andrew W. Cameron, Director Department of Housing and Urban Development.



Raul E. Pena
Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on this the 10th day of March, 1995,
by Earl L. Wright, President, E. S. Wright Investments, Inc.



Raul E. Pena
Notary Public, State of Texas

FAX

Date:

5/18/05

Number of pages including cover sheet:

To:

Shreya Shah

Phone:

Fax phone: 207 4306

CC:

From:

Rich Martinez

Department of Housing and
Community Development

419 South Main, Ste. 200

San Antonio, Texas 78204

Phone:

(210) 207-6600

Fax phone:

(201) 886-0006

REMARKS:

☐

Urgent

☐

For your review

☐

Reply ASAP

☐

Please comment

E.S. Wright Investments, Inc. intends
to purchase back Peach Creek Apartments.
Can you please review and advise
as to this matter.

Rich